

Polk-Burnett Electric Cooperative

1000 Highway 35, PO Box 310
Centuria, WI 54824-0310

Office Hours: 8:00 a.m. - 4:30 p.m.
Telephone: (715) 646-2191
Fax No.: (715) 646-2404

STAFF AND CONSULTANTS

General Manager	Steve A. Glaim
Executive Secretary	Grace R. Montgomery
Operations Manager	William T. Hinds
Line Superintendent - Centuria	Steve Sylvester
Branch Manager	William Ingalls
Member Services	Raymond J. Nadeau
Director of Communications	Kordi S. Kurkowski
Office Manager	Linnea Jensen
Staff Assistant	Nancy H. Hardenbergh
Security Services Manager	John C. Northway
Attorney	Timothy J. Laux, Esq. Osceola, WI

OFFICERS AND DIRECTORS

	Telephone
Marlyn Bottolfson, president R3, Box 275, Amery, WI 54001	(715) 268-8244
Rodger Gravesen, WECA director 27403 Gravesen Rd., Webster, WI 54893	(715) 866-7120
B. Duane Solum, secretary-treasurer, DPC director 78 Hwy. 46, Deer Park, WI 54007	(715) 269-5352
Edward E. Germain 2102 Hwy 35, Somerset, WI 54025	(715) 247-3753
Donald Corty 23105 Hickerson Rd. Grantsburg, WI 54840	(715) 463-2046
Harvey Ditlefsen R1, Box 31, Frederic, WI 54837	(715) 472-2678
Chris Dueholm 2007 Island View Ln., Milltown, WI 54858	(715) 857-5366
Ainard Leef 27707 Pratt Rd., Webster, WI 54893	(715) 866-8512
Lazette McLeod 1324 Deer Lake Park, St. Croix Falls, WI 54024	(715) 483-9079

POLK-BURNETT REC DATA

Date system was energized	July 27, 1939
Full-time employees	52
Consumers served	14,522
Miles of distribution line	2,559
Annual meeting month	June
Board meeting day	fourth Monday of month

Service area - most of Polk and Burnett counties, parts of Washburn, Barron, St. Croix, and Dunn counties
VERNON ELECTRIC COOPERATIVE

Price Electric Cooperative

508 N. Lake Avenue
P. O. Box 110
Phillips, WI 54555

Office Hours: 7:30 a.m. - 4:00 p.m.
Telephone: (715) 339-2155
Fax No.: (715) 339-2921

STAFF AND CONSULTANTS

General Manager	LeRoy Hanson
Office Manager	Marilee Opresik
Plant Superintendent	Mike Zierer
Load Management Administrator	Tim Werner
Attorney	Wheeler, Van Sickle & Anderson, S.C. Madison, WI

OFFICER AND DIRECTORS

	Telephone
Ervin Schultz, president and DPC director R1, Box 250, Glidden, WI 54527	(715) 264-2489
Fred Losby, vice president, WECA director HCR2, Box 219, Park Falls, WI 54552	(715) 583-4433
Harold Rhody, secretary N1648 German Settlement Rd., Ogema, WI 54459	(715) 564-2640
Owen Hainy, treasurer N7186 Emery Hackett Rd., Phillips, WI 54555	(715) 428-2859
Alvero Anderson N2148 Cty. Rd I., Catawba, WI 54515	(715) 474-2239
Richard Weishan W6959 Dam Rd., Fifield, WI 54524	(715) 764-4180
Paul Rose, Jr. R1, Box 66, Butternut, WI 54514	(715) 769-3764
Ted Sleck W8860 Camp Five Rd., Phillips, WI 54555	(715) 339-2256

PRICE REC DATA

Date system was energized	February 1942
Full-time employees	20
Consumers served	7,022
Miles of distribution line	1,593
Annual meeting month	May or June
Board meeting day	last Thursday of month

Service area - Price County, parts of Ashland, Rusk, Iron, Lincoln,
Sawyer, Taylor, Vilas and Oneida counties

Richland Electric Cooperative

1027 N. Jefferson Street
P. O. Box 439
Richland Center, WI 53581-0439

Office Hours: 8:00 a.m. - 5:00 p.m.
Telephone: (608) 647-3173
Fax No.: (608) 647-4265

STAFF AND CONSULTANTS

General Manager Harry T. Peterson
Operations Manager Dennis F. Schoeberl
Manager, Administrative & Member Services Shannon Clark
Director, Billing, Office Services & Conf. Sec., Judy Moore
Engineer Stanley Consultants, Inc.
Attorney Wheeler, Van Sickle &
Anderson, S.C.
Madison, WI

OFFICERS AND DIRECTORS

	Telephone
Gilman Moe, president, WECA director	
R2, Cazenovia, WI 53924	(608) 986-4342
Otto "Chris" Ottesen, vice president	
R4, Richland Center, WI 53581	(608) 647-2044
Cam Johnson, secretary	
R2, Box 322, Richland Center, WI 53581	(608) 647-6877
Judy Murphy, treasurer, DPC director	
R1, Richland Center, WI 53581	(608) 538-3885
B. Eward Ehorn	
R1, Box 195 Blue River, WI 53518	(608) 536-3795
Gerald Goplin	
R2, Blue River, WI 53518	(608) 536-3751
Donald Huffman	
R3, Hillsboro, WI 54634	(608) 528-4315
Gerald Wendorf	
R2, Viola, WI 54664.....	(608) 627-1890
Calvin Sebranek	
R5, Richland Center, WI 53581	(608) 647-2879

RICHLAND REC DATA

Date system was energized May 7, 1937
Full-time employees 14
Consumers served 3,061
Miles of distribution line 891
Annual meeting month February or March
Board meeting day fourth Tuesday of each month

Service area - Richland County, small parts of Crawford, Vernon and
Sauk counties

Rock County Electric Cooperative

P. O. Box 1758
2815 Kennedy Road
Janesville, WI 53547-1758

Office Hours: 7:30 a.m. - 4:00 p.m.
Telephone: (608) 752-4550
Fax No.: (608) 752-6620

STAFF AND CONSULTANTS

Manager	Robert Harper
Office Manager	Jean Kidd
Operations Manager	Dennis Schultz
Director of Member Relations	Sharon Janes
Accounting Manager	William B. Kayser, CPA
Engineer	Stanley Consultants Muscatine, Iowa
Attorney	David Collins Beloit, Wi

OFFICERS AND DIRECTORS

	Telephone
Howard Trescher, president 9209 N. Trescher Rd., Milton, WI 53563	(608) 868-3161
Wayne Nelson, first vice president 9251 W. Gibbs Lake, Edgerton, WI 53534	(608) 884-3270
Darrel Weber, second vice president 2708 N. Cty. M., Milton, WI 53563	(608) 868-7136
Robert Crave, secretary R4, Box 119 Spring Creek Rd., Beloit, WI 53511 ...	(608) 362-7419
Stanley Dybevik, treasurer 1328 Dickey Rd., Brodhead, WI 53520	(608) 879-2888
Bernard Carroll 8201 S. Pinnow Grove Rd., Beloit, WI 53511	(608) 879-2810
Phil Holmes R1, Box 463, Beloit, WI 53511	(608) 365-8194
Jo Miller 1539 Miller Rd., Janesville, WI 53545	(608) 876-6776
James Quade 4407 Kennedy Rd., Milton, WI 53563	(608) 752-0976

ROCK COUNTY REC DATA

Date system was energized	July 15, 1937
Full-time employees	18
Consumers served	4,683
Miles of distribution line	838
Annual meeting month	April
Board meeting day	last Wednesday of month

Service area - Rock, Green, Walworth, Dane counties, WI; Winnebago, Boone counties, IL

St. Croix Electric Cooperative

550 Hwy 12
P. O. Box 86
Baldwin, WI 54002-0086

Office Hours: 8:00 a.m. - 4:30 p.m.
Telephone: (715) 684-3336
Fax No.: (715) 684-4763

STAFF AND CONSULTANTS

Manager	Mark Pendergast
Office Manager	Wayne H. Van Someren
Member Services Advisor	
Line Superintendent	Robert S. Moe
Attorney	Wheeler, Van Sickle & Anderson, S.C. Madison, WI

OFFICERS AND DIRECTORS

	Telephone
Francis Klatt, president, DPC director 2429 160th Ave., Emerald, WI 54012	(715) 265-7002
Miles H. Wittig, secretary-treasurer 1722 38th St., Somerset, WI 54025	(715) 247-3205
William Hoffman, vice president, WECA director 3183 130th Ave., Glenwood City, WI 54013	(715) 265-4539
Frederick Anding 431 Hwy. 35, S. Hudson, WI 54016	(715) 425-5058
Pat Donahue 2036 Cty. G., Baldwin, WI 54002	(715) 246-5593
Theres J. Heimel 1053 80th Ave, Roberts, WI 54023	(715) 749-3210
George H. Yates 625 150th Ave., Somerset, WI 54025	(715) 247-5340
Barry Danielson 1969 Cty Rd. YY, Baldwin, WI 54002	(715) 684-3913
William Peavey 2530 Cty Rd. N, Woodville, WI 54028	(715) 698-2361

ST. CROIX COUNTY REC DATA

Date system was energized	May 24, 1939
Full-time employees	21
Consumers served	5,530
Miles of distribution line	1,226
Annual meeting month	During first 6 months
Board meeting day	first Monday of month

Service area - most of St. Croix County, parts of Dunn, Pierce and Polk counties

Taylor Electric Cooperative

N1831 State Road 13
Medford, WI 54451

Office Hours: 8:00 a.m. - 5:00 p.m.
Telephone: (715) 678-2411
Fax No.: (715) 678-2555

STAFF AND CONSULTANTS

Manager	Michael Schaefer
Office Manager	Patricia Krug
Line Superintendent	Wayne Miller
Member Services Advisor	Tom Leischer
Engineer	Power System Engineering Madison, WI
Attorney	Wheeler, Van Sickle & Anderson, S.C. Madison, WI

OFFICERS AND DIRECTORS

	Telephone
Vernon Frey, president, W4339 Center Rd., Medford, WI 54451	(715) 748-4070
David Maurer, vice president N4946 Soo Dr., Medford, WI 54451	(715) 748-5861
Merton Vaughn, secretary-treasurer, WECA director W6998 Cth O, Medford, WI 54451	(715) 748-2037
Anthony Margetta W1112 Mira Ave., Medford, WI 54451.....	(715) 748-2558
Diane Albrecht 2362 CTH C, Medford, WI 54451	(715) 748-5471
Dennis Engel W1517 County Line Rd, Dorchester, WI 54425	(715) 654-5243
Allen Kasperek W2996 Cth C, Medford, WI 54451	(715) 748-6822

TAYLOR REC DATA

Year system was energized	1938
Full-time employees	16
Consumers served	3,420
Miles of distribution line	732
Annual meeting month	March
Board meeting day	last Thursday of month

Service area - most of Taylor County, parts of Clark, Marathon and Lincoln counties

Trempealeau Electric Cooperative

Headquarters Office
625 Main Street
P. O. Box 277
Arcadia, WI 54612-0277

Office Hours: 7:30-4:00 p.m.
Telephone: (608) 323-3381
Fax No.: (608) 323-3014

District Office
STH 35-53, North
P. O. Box 276
Onalaska, WI 54650-0276

Office Hours: 8:00 - 4:30 p.m.
Telephone: (608) 783-2238

STAFF AND CONSULTANTS

General Manager	David Oelkers
Manager of Administrative & Member Services	Jerald Sorenson
Member Services Coordinator	Jean Everson
Manager of Operations	Dave Woyicki
Engineer	Power System Engineering
Attorney	Kostner, Ward, Galstad & Koslo, Arcadia, WI Wheeler, Van Sickle & Anderson, S.C. Madison, WI

OFFICERS AND DIRECTORS

	Telephone
James Sciborski, president 613 Ridgeview Dr., Onalaska, WI 54650	(608) 783-7388
Kenneth Sonsalla, vice president R3, Arcadia, WI 54612	(608) 323-3965
Bob Bilskemper, secretary-treasurer R2, W7854 Cty. Z, Onalaska, WI 54650	(608) 783-2360
Robert Lunde, DPC director R4, Box 56, Osseo, WI 54758	(715) 597-2019
Irvin Romskog, WECA director W5462 Cty. W. Holmen, WI 54636	(608) 526-3081
William Suttie R2, Ettrick, WI	(608) 582-4076
Greg H. Sacia R1, W6533, Cty. T. Holmen, WI 54636	(608) 526-4381
Andy Dejno, Jr. R2, Box 58, Independence, WI 54757	(715) 985-3891
Steve L. Hogden R1, Galesville, WI 54603	(715) 582-2184

TREMPEALEAU REC DATA

Date system was energized	March 14, 1938
Full-time employees	32
Consumers served	7,958
Miles of distribution line	1,752
Annual meeting month	March
Board meeting day	last Monday of month

Service area - most of Trempealeau County, northwest portion of La Crosse County, and fringes of Eau Claire, Buffalo and Jackson counties.

Trempealeau Electric maintains a district office at Onalaska for convenience of member-consumers in the southern part of the system. A line crew is also stationed at Strum.

Vernon Electric Cooperative

110 N. Main Street
Westby, WI 54667-1199

Office Hours: 8:00 a.m.-4:30 p.m.
Telephone: (608) 634-3121
(800) 447-5051
Fax No.: (608) 634-4621

STAFF AND CONSULTANTS

Manager	Merle E. Holden
Director, Plant Operations	Mike Nelson
Accounting Supervisor	Gary Ekern
Billing Supervisor	Karla Yanske
Engineer	Steve Nelson
Administrative Assistant	Judy Neuerburg
Attorney	Wheeler, Van Sickle & Anderson, S.C.

OFFICERS AND DIRECTORS

Harvey L. Jernander, president	Telephone
R2, Box 128, Cashton, WI 54619	(608) 654-7303
Leroy Nemec, vice president	
R2, Box 165, La Farge, WI 54639	(608) 625-4488
Gerald Glass, secretary	
Box 187, Readstown, WI 54652	(608) 629-5124
Robert Kelbel, treasurer	
R3, Box 157, Cashton, WI 54619	(608) 654-7976
James P. Goodman, WECA director	
E103 Cty Q, Wonewoc, WI 53968	(608) 489-2291
Orlan Bakkum	
R1, Box 142, Westby, WI 54667	(608) 452-3370
Herbert Kramer	
N1074 Bloomer Mill, La Crosse, WI 54601	(608) 788-9545
Richard Nemec	
R2, Box 69A, Hillsboro, WI 54634	(608) 489-3433
James Fladhammer	
R1, Box 345, De Soto, WI 54624	(608) 648-2097
Dorothy Krause	
R2, Westby, WI 54667	(608) 634-4831

VERNON REC DATA

Date system was energized	January 21, 1938
Full-time employees	29
Meters served	8,040
Miles of distribution line (overhead)	1,563
Miles of distribution line (underground)	326
Annual meeting month	March
Board meeting day	usually Monday following third Friday

Service area - Vernon County, parts of La Crosse, Monroe, Juneau, Sauk,
Richland and Crawford

Dairyland Power Cooperative

Administration Building
 3200 East Avenue South
 PO Box 817
 La Crosse, WI 54602-0817

Frank Lindner Service Center
 3251 East Avenue South
 La Crosse, WI 54602

General Office.....	(608) 788-4000
(after hours, weekends, holidays).....	787-1406
Customer Services and Planning	787-1215
Dairyland Power Credit Union	787-1283
DPC Hangar at La Crosse Airport	787-2112
Fax	787-1420
Finance and Administration	787-1238
Generation	787-1324
Human Resources	787-1466
Purchasing	787-1400
System Operations Center	787-1223
Transmission	787-1211

General Manager	William L. Berg
Executive, Secretary & Admin. Assistant to General Manager	Mary L. Sexton
Director, Human Resources	Mary L. Lund
Director, External Relations	Thomas A. Steele
Director, Information Technology	Vacant

Assistant General Manager, Generation	John P. Leifer
Director, Generation Support Services	Robert M. Brimer
Director, Plant Operations	Douglas L. McKee
Director, System Operations	Larry H. Thorson
Director, Quality Assurance	Robert R. Wery
Director, Environmental Affairs	Eric R. Hennen

Assistant General Manager, Transmission.....	Charles V. Sans Crainte
Director, Electrical Engineering	Bruce H. Staples
Director, Transmission Construction & Maintenance	Charles J. Kulas
Director, Transmission Engineering	Rick C. Willenberg

Assistant General Manager, Customer Services & Planning	Alison J. Thimis
Director, Corporate Planning	Vacant
Director, Marketing	Vacant
Director, Area Development.....	Vacant
Manager, Communications Services	Don Walsh

Assistant General Manager, Finance & Administration	Robert C. Mueller
Director, Accounting	Keith A. Stubbendick
Director, Financial Management	Keith W. Garrett
Director, Procurement	Gary T. Bucey
General Counsel	Wheeler, Van Sickle & Anderson, S.C.
	25 West Main Street
	Madison, WI 53703

GENERATING STATIONS

Alma	Larry Kelley
P.O. Box 307	Manager, Site
Alma, WI 54610	Alma Site
Phone (608) 685-4497	

Flambeau Hydroelectric Station	David Carroll
N5640 Dairyland Dam Road	Manager, Flambeau Administration
Ladysmith, WI 54848	
Phone (715) 532-5728	

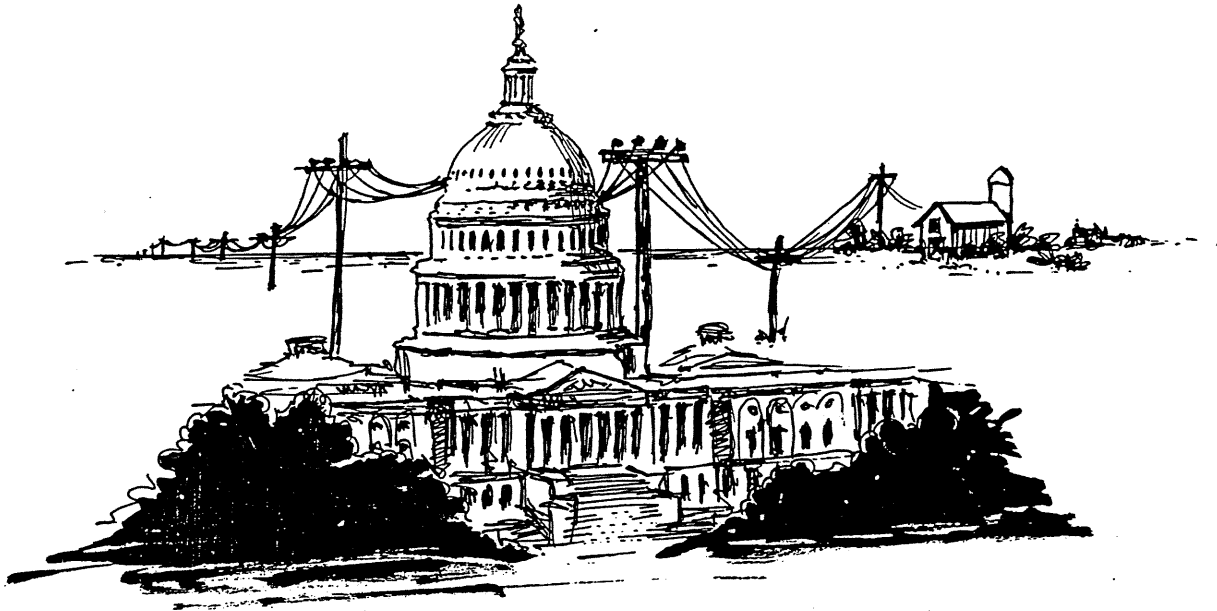
Genoa Site	Richard Duncan
Route 1	Manager, Site
P.O. Box 276	Genoa Site
Genoa, WI 54632	
Phone (608) 689-2335	

DAIRYLAND POWER COOPERATIVE DATA

Date system was organized	December 16, 1941
Full-time employees	590
Consumers served	195,000
Generating capacity in service	971,000
Miles of transmission lines	3,269
Month of annual meeting	June
Board meeting day	third Friday of month

Service area - 44,500 square miles in western Wisconsin, southeastern Minnesota, northern Iowa, and extending into northwest Illinois and the western tip of the upper peninsula of Michigan.

Section 2



National Rural
Electric Cooperative
Association

National Rural Utilities
Cooperative Finance
Corporation

National Legislative
Issues

National Rural Electric Cooperative Association

The National Rural Electric Cooperative Association (NRECA), headquartered in Washington, D.C., is the service organization for the more than 1,000 rural electric cooperatives throughout the U.S. The primary function of NRECA is to act as a means through which the goals of rural electrification are advocated to Congress and to other branches of government. NRECA is a nonprofit and nonpartisan organization, and operates as a cooperative, being made up of, and controlled, by the rural electric systems that are members. Operations of the organization are financed by annual dues from the membership, with some income provided by revenue-producing services. The organization works closely with the Rural Electrification Administration, but receives no REA funds.

NRECA was incorporated on March 19, 1942, in response to problems rural electric systems were experiencing with obtaining adequate financing, materials, labor, insurance, and reasonable wholesale power rates. NRECA was created to help provide political muscle and management know-how.

NRECA is controlled by a board of directors, with representatives from each state's distribution cooperatives electing one member to serve a term on the board. The board meets and sets policies in the same way the local co-op handles its business, and each member cooperative is able to be represented at the NRECA annual meeting.

NRECA is divided into various departments to carry out the programs that the membership has determined are necessary from the national organization. These departments include the Energy and Environmental Policy Department, which is involved in power supply issues requiring major legislative and regulatory efforts; the Government Relations Department, which works directly with members of Congress and their staffs, explaining the views of NRECA members on legislation affecting energy and rural America; the Management Services Department, providing training for directors, managers, and other employees of member electric cooperatives; the Public and Association Affairs Department, working on

communications and information activities; and the Retirement, Safety, and Insurance Department, providing programs for the financial security of rural electric systems and their employees. There is also a division on international programs that helps in development of rural electrification overseas, working in conjunction with the federal government's Aid for International Development.

Coordinated with its legislative efforts, NRECA each spring holds a Legislative Planning Conference in Washington, D.C., where representatives from member electric co-ops travel to Washington to meet with their congressmen on issues of concern to rural electrification. In recent years, the NRECA government relations functions have become increasingly important, responding to attempts by the Administration to reduce the levels of the REA loan programs, which provide the financial backbone for rural electric cooperatives. To date, NRECA has been successful in its lobbying efforts against reductions in the program, although the fight continues.

The Wisconsin Electric Cooperative Association is a member, working closely with NRECA in developing good working relationships with the congressional delegation from Wisconsin, and coordinating legislative efforts on the national level. NRECA also helps WECA by providing information used in government relations work within Wisconsin.

National Rural Utilities Cooperative Finance Corporation

Who we serve

The National Rural Utilities Cooperative Finance Corporation (CFC) provides financing and related financial services to more than 1,000 member electric cooperative systems across the United States. These systems serve more than 11 million consumers and represent service to 26 million ultimate users of electricity. The membership of CFC consists of rural electric distribution systems, power supply systems, statewide associations, and service organizations. CFC is an independent source of financing that also supplements the credit programs of the U.S. Department of Agriculture's Rural Electrification Administration (REA).

CFC and the National Rural Electric Cooperative Association (NRECA) share virtually the same membership. NRECA leads the effort to represent the legislative and policy goals of America's rural electric cooperatives.

What we do

Loans and Investment Options

CFC meets its members' financing needs through a variety of loan, investment, member service, and specialized financing programs.

CFC offers long-term loan options in a range of maturities up to 35 years. Short-term loans are available for members needing shorter maturities. All CFC loan options are developed to give maximum flexibility to member systems in matching financing arrangements to business needs.

CFC commercial paper and medium-term note investment programs permit member utility systems to earn competitive interest rates on their cash reserves and are excellent cash management vehicles.

Financing

By maintaining high credit standards and ratings, CFC provides its members with competitively-priced financing through its role as a conduit to the private capital markets.

CFC raises funds primarily in three ways: through member-invested equity; through the sale of

notes and bonds; and through the sale of commercial paper.

The cornerstone of CFC's success is member support. Members invest their equity in CFC through the purchase of equity certificates when joining CFC and when obtaining long-term loans or loan guarantees.

CFC sells its collateral trust bonds to public markets to help meet its long-term capital requirements. CFC's bonds are rated highly by three leading rating agencies: Standard and Poor's Corporation, Moody's Investors Service, and Fitch Investors Service. Since 1972, CFC has sold more than \$1.5 billion in bonds to investors.

The pool of member investments in CFC commercial paper and medium-term notes provides a ready source of capital to fund CFC's line of credit and intermediate-term loans. Additional notes and paper are sold to dealers in the capital markets as needed.

Organizational Structure

CFC is guided by a 22-member board of directors representing 11 geographically-defined districts in 46 states and the District of Columbia. Each district is represented on the board by two directors. The board members, who represent both rural electric management and elected directors, set policies, establish programs, and develop strategies for CFC. More than 150 professional and support employees work at CFC headquarters in Herndon, Virginia. Eleven CFC regional vice presidents are stationed in the field to provide one-on-one member service contact.

Additional CFC services

In addition to providing financing and investment opportunities, CFC offers other services and operates several affiliated organizations to help meet the increasingly varied needs of rural America, including:

- *Rural Telephone Finance Cooperative (RTFC)*
RTFC was created in 1987 for the sole purpose of providing lending and other financial services to

rural independent commercial and cooperative telephone companies and their affiliates.

•*National Cooperative Services Corporation (NCSC)*
Established in 1981 and managed by CFC, NCSC structures lease transactions and provides capital for electric systems involved in specialized financings. NCSC also offers a loan program that provides financing of for-profit associates affiliated with members of CFC.

•*Education Fund*

Through the Education Fund, CFC provides grants, through rural electric statewide organizations, for a variety of programs designed to promote cooperatives and cooperative principles. Since 1980, CFC has distributed nearly \$2 million from the fund to its member statewide organizations.

CFC History

To finance its growing capital needs, the rural electric program began in the mid-1960s to seek alternative funding sources to supplement REA lending. In 1967, NRECA proposed the creation of a not-for-profit financing institution that would be cooperatively owned by the rural electric systems themselves. NRECA's members approved this plan and on April 10, 1969, CFC was incorporated.

Today, CFC offers full service financing to its members and maintains an ongoing effort to ensure that its lending and investment programs, and related financing products, are the most cost-effective available.

The CFC Mission:

CFC is a not-for-profit cooperative whose mission is to provide its member utility systems--through their unified, collective strength--with an assured source of low-cost private capital and state-of-the-art financial services.

As a not-for-profit, cooperatively-owned finance organization, CFC returns to its members any surplus margins exceeding its cost of operations.

For more information about CFC and its programs, contact CFC's Communications Division at:

Woodland Park
2201 Cooperative Way
Herndon, Virginia 22071-3025
703-709-6700

Financing and Rural Development

Financing

In 1993 NRECA and WECA worked for passage of a major restructuring of the Rural Electrification Administration. By increasing interest rates charged on insured and guaranteed loans, the cooperatives themselves offered a program that relied less on federal taxpayers for subsidies--in fact, 43 percent less.

While other utilities still enjoy their off-budget subsidies (retained corporate taxes for investor-owned utilities and favorable, tax-free bonding for municipal systems), the rural utilities were again hit hard by the administration's 1994 budget proposal (for fiscal year 1995).

Following is a summary of the REA Loan Restructuring Act, FY 94 loan levels, and FY 95 proposed levels:

The Rural Electrification Loan Restructuring Act of 1993--Major Points

- Ties the interest rate on most rural electric loans to the municipal cost of capital
- Provides for hardship loans at 5-percent interest for borrowers qualified by certain hardship criteria (below average income and substantial rate disparity)
- Modernizes the rural electric program by allowing borrowing for demand-side management and energy conservation purposes, including off-system renewables, and conforming the definition of "rural" to the Census Bureau's
- Rural electric insured loan levels were established for a 5-year period
- Makes rural electric systems eligible to participate in the rural water and waste disposal and other rural development programs of the Rural Development Administration

Fiscal Year 1994 loan levels

- \$125 million available at 5-percent interest to co-ops meeting hardship criteria
- \$600 million available to co-ops not meeting hardship criteria at the interest rate at which municipal systems borrow
- Although not part of the 1993 amendments, Congress provided \$813 million available for guaranteed loans from the Federal Financing Bank, of which

\$500 million was for repricing high-interest notes of more than 12 years

Fiscal Year 1995 loan levels proposed by the administration

- \$25 million in insured loans available at 5-percent interest to co-ops meeting hardship criteria
- \$200 million available in insured loans at the municipal borrowers' interest rate
- A new program of \$500 million available in insured loans at the government's cost of money
- \$275 million in loan guarantees

NRECA and WECA request that the agreement to hold interest rates and funds steady for five years be honored by Congress. In its budget resolution, the House and the Senate have indicated that they will not waiver from this agreement.

We are requesting:

- \$125 million available at 5 percent to co-ops meeting hardship criteria
- \$600 million available to co-ops not meeting hardship criteria at the interest rate at which municipal systems borrow
- \$900 million in guaranteed loans

"We respectfully point out...that rural electric systems have made a genuine effort to help with the deficit problem, have agreed to shoulder a heavier responsibility for rural economic development and have had to watch almost helplessly while some predatory municipals take advantage of tax-free financing to confiscate cooperatives' customers and properties...Fairness suggests that rural electric systems have done their share, and that they should have access to the loan levels of last year's agreement."--Testimony of NRECA President J.C. Roberts, U.S. House and Senate Agriculture Appropriations Committees

Legislation on taxation of nonmember income

A 1992 law enabled discounted "buyback" of insured loans at no cost to the government. REA published final rules to implement this law in

March, 1994. However, the Internal Revenue Service (IRS) considers income from a discount on an REA loan buyback as non-member income, causing many cooperatives to fail the test for tax exemption and severely diminishing the economic value of buying back its REA loan.

We strongly urge Congress to ensure the Department of the Treasury and the Internal Revenue Service do not treat any discount on buybacks of REA loans made under the updated authority as nonmember income under Section 501(c)(12) of the Internal Revenue Code of 1986.

REA rural development program builds jobs

In the past few years, rural electric cooperatives, supported by loan and grant programs within the REA, have been increasingly involved with generating new jobs in their local communities.

- REA has approved 320 Rural Development loans amounting to \$34.4 million
- Projects have created 8,500 new rural jobs
- Federal funds are leveraged 7.3 to 1
- \$250 million in private money has been generated
- Jobs were created at a federal cost of \$4,073 per job, a small cost in comparison with other programs
- The Administration has proposed \$13 million for this program for FY 95; NRECA is requesting an increase to \$15 million

Rural economic development will be maintained as a key component of REC services to rural communities, but reorganization of the Rural Electrification Administration, as set forth in last year's funding bill, will give access to even more development loan programs.

The Rural Utilities Services (RUS), as proposed, will house rural electric and telephone, and water and waste programs under one roof. With new legislative authority giving access to these programs, rural electric systems can use this reorganization for vital development projects in their service areas. Other economic development loan programs will be managed through the Rural Development Administration.

Energy and the Environment

Endangered Species Act

The Endangered Species Act (ESA) is the most important wildlife conservation law in place today, but it needs reform. Court and regulatory decisions have expanded the scope of the Act beyond the original intent.

Key issues in reform of the ESA are:

- Honoring private property rights
- Honoring the rights of affected parties to participate in the ESA decision processes
- Improving the science on which to base ESA decisions
- Providing for cooperative management agreements to allow interested parties to voluntarily plan for the survival of a species before it becomes a "listed" endangered species.

NRECA is a founding member of the National Endangered Species Act Reform Coalition, whose membership consists of more than 130 agricultural groups, water districts, RECs, utilities, local governments, landowners, national trade associations, and companies committed to constructive reform of the Endangered Species Act. Bob Bergland, retired general manager of NRECA, continues to serve as chairman of the coalition.

As a member of that coalition, we strongly support **H.R. 1490** and **S. 1521** to reform the Endangered Species Act.

Clean Water Act Reauthorization

The Clean Water Act is due to be reauthorized by the 103rd Congress. Some consideration has been given to changing the thermal discharge waivers contained in the current Act to treat heat as a pollutant.

Forty-six percent of the U.S. electric generating capacity currently operates under thermal discharge waivers, and removal of this waiver would cost the electric utility industry approximately \$41 billion in retrofits, and millions in operating costs.

We urge Congress to oppose deletion of the thermal discharge waiver.

Global Climate

Rising levels of "greenhouse gases" in the atmosphere are triggering concerns that global climate change could substantially affect the earth's temperature and climate, even though scientific evaluation of this climate change potential is uncertain.

Despite the lack of certainty, concerns about global climate change warrant careful attention and additional research because of the potential seriousness of such change. Costly measures to curtail greenhouse gases should be avoided unless scientific conclusions indicate with reasonable certainty that potential climate change problems exist.

Rural electric systems support:

- Continuing research to remove uncertainties about global climate change
- Reasonable world-wide efforts to prevent man-made changes in global climate, including
 - incentives for innovative uses of electrotechnologies and energy production practices, including clean coal technology, that limit the discharge of greenhouse gases
 - support for reforestation; prevention of deforestation
 - development of substitutes for ozone-depleting substances
 - joint implementation programs where greenhouse gas reduction efforts are jointly undertaken by entities in two or more countries through the sharing of financial or technical resources in exchange for greenhouse gas reduction recognition
- Participation in voluntary greenhouse gas reduction programs established in the 1992 Energy Policy Act
- Participation in voluntary, cost-effective initiatives identified under the Administration's Climate Change National Action Plan (NAP), including specific programs established for electric utilities under the NAP's Climate Challenge Program.

Rural electric systems oppose:

- Discriminatory taxes on energy types

- Imposition of new direct or indirect caps on man-made greenhouse gas releases without substantiating scientific evidence of the worthwhileness thereof
- Failure to give full credit to prior attainment of reductions.

We urge Congress to support voluntary compliance with greenhouse gas emissions and to reject any arbitrary taxes on specific types of energy production, and caps or ceilings on man-made greenhouse gas emissions.

Low Income Home Energy Assistance Program (LIHEAP)

Many rural electric systems' member assistance programs refer distressed members to agencies that dispense federal LIHEAP program funds. Additionally, some systems contribute funds to help, augment, or leverage LIHEAP funds.

LIHEAP is presently serving approximately 130,000 of the 265,000 low-income households in Wisconsin. The service is provided for applicant households that are at or below 150 percent of the Federal Poverty Guidelines. The average grant in the 1992-93 fiscal year was \$260.00.

When this program was developed, it was intentionally formed as a block grant program to keep it out of the entitlement category and not create a welfare program. While monies do go to welfare recipients that are eligible, in the State of Wisconsin, approximately 76.4 percent of the households receiving energy assistance are not welfare recipients. They are frequently the "working poor" and elderly.

This program has been instrumental in providing enough resources to the elderly so that they can continue to live an independent lifestyle and avoid a nursing home environment, which in most cases would swell the Title 19 ranks. In the case of the working poor, it allows these families to continue to manage their limited resources and avoid having to resort to applying for welfare.

Federal appropriations for LIHEAP have steadily declined since 1985, and massive cuts were proposed in the FY 95 federal budget.

We urge Congress to support last year's funding level of \$1.437 billion for LIHEAP.

Health Care in Rural America

Accessible, affordable health care for rural Americans is an essential consideration for rural electric systems. A viable health care system is a linchpin requirement for successful rural economic and community development. The ability of rural electric employees and their families to obtain adequate health care services in their communities is vital to recruitment of new businesses to rural areas and the retention of existing industries.

Health care problems in rural America are unique, somewhat akin to the unique challenges rural electric systems face in the delivery of affordable, reliable electric service:

- Distance makes service delivery and access to service difficult
- Low consumer density and under-utilization of facilities preclude investment in expensive new technology
- Most employers are small businesses, hard-pressed to provide paid health care insurance
- Because of perceptions about the quality of local care, many rural residents visit urban centers for health care, encouraging the flow of health care dollars out of their communities.

Proposals for the reform of health care financing and delivery generally fail to deal with the unique problems posed by rural areas. Such concepts as managed care and health care purchasing alliances are not easily applicable to areas where lack of care and lack of ability to purchase care are endemic. Most proposals for rural health care contemplate simplistic extensions of "circuit-rider" type services from urban areas.

NRECA's membership has acknowledged the association's obligation to be a proactive participant in suggesting workable health care plans for rural America. The reformed health care system should allow NRECA to continue to act as a health insurance provider of choice for employees of rural electric systems.

The availability of health care in rural America is vital to attracting new business and retaining existing business.

We strongly urge Congress to:

- Support health care reform that addresses the unique problems of rural America
- Support measures that enable entities such as NRECA, with nearly unparalleled ties and experience in rural America, to be the insurer of choice for employees of rural electric systems
- Support measures that build on the successful experience of entities such as NRECA's Retirement, Safety, and Insurance Division in providing health insurance programs to rural Americans and their employers.

Telecommunication

National information infrastructure

Rural America is a vital, co-equal part of our nation and must be a part of the national information infrastructure. The Administration has officially launched its initiative to promote development of an "information superhighway," and in Wisconsin, as in many other states, work is under way to establish a network of fiberoptic telecommunications pathways to connect cities, schools, and hospitals.

In the most rural areas, however, fiberoptics and traditional cable may not be cost-effective, just as central-station electricity and telephone were not thought to be cost effective for rural areas in the 1940s.

Rural electric systems have a strong incentive to support deployment of the national information infrastructure, and will do so with whatever technologies are cost-effective, reliable, and conducive for rural access to all telecommunications services.

We urge that Congress adopt legislation that ensures rural America's equal participation in the national information infrastructure.

Satellite reception of superstation and broadcast signals

The National Rural Telecommunications Cooperative employs both C-Band and innovative Direct Broadcast Satellite (DBS) technology to deliver services to rural Americans.

The Satellite Home Viewer Act of 1988 allows the retransmission of network and superstation signals for home viewing by satellite dish.

However, while retransmission authority for the cable industry does not sunset, authority for retransmission to satellite consumers sunsets at the end of 1994.

In addition, while the Federal Communications Commission (FCC) has issued rules generally consistent with the intentions of the Act, other rules are not in conformance with Congress' intent.

The FCC has issued rules that incorrectly permit exclusive programming agreements that prevent distributors from obtaining access to pro-

gramming to serve non-cabled areas. This is inconsistent with the clear language of the 1992 Cable Act and the FCC must bring its rules into conformity with the Act.

We urge support of **S. 1485** to remove the sunset provision on satellite retransmission of network and superstation broadcasts at usual and reasonable, compulsory copyright fees comparable to those paid by cable systems.

We also urge Congress to communicate to the FCC the harmful, anti-competitive effect of its rule on programming agreements and urge the FCC to reconsider its rule.

Territorial Protection

Rural electric systems are prey to municipalities that annex their service territories and then condemn their service facilities or otherwise limit their ability to serve these areas.

- Municipal condemnation saddles rural electric consumers with higher rates because the municipality takes the more densely populated part of the system's service territory
- The loss of distribution service territory imperils the ability of both the rural electric system and its G&T power supplier to repay federal loans
- Municipal condemnation is a disincentive for rural electric systems to encourage economic development in areas that may be annexed
- Rural electric systems served these areas when no other utility, IOU or municipal, considered the area profitable. It is unfair for a muni to deprive rural consumers of the benefits of serving these areas once the areas finally begin to develop.

H.R. 3790, the Rural Consumer Protection Act of 1994, introduced in the second session of the 103rd Congress, addresses the problem of municipal condemnation:

- It prohibits municipal utilities' unregulated, unauthorized taking of co-op service territory and facilities without regulatory oversight and public interest findings
- It permits appointment of an independent, disinterested third party to determine which electric distributor would best serve the public interest
- It does not prevent a state's establishing its own territorial laws, nor does it prohibit mutually agreed-to annexation and condemnation
- It does not prevent municipal annexation.

We strongly urge Congress to support **H.R. 3790**, the Rural Consumer Protection Act, and urge state regulatory commissions and state legislatures to establish territorial policies that protect rural electric co-ops from predatory condemnation by municipalities.

see also last grey pages

Section 3



Wisconsin Electric Cooperative Association Resolutions

Wisconsin Electric Cooperative Association 1994 Principles and Purposes

~~the~~
* territorial protection
grey section
may try at state level
- support development of ethanol markets
- health care reform

Tax Exempt Financing

At present, 68 NRECA members are publicly owned rural electric systems and are eligible to issue tax-exempt bonds. In addition, generation and transmission cooperatives have more than \$3 billion in tax-exempt bonds for pollution control facilities. While tax-exempt financing may not be the best means of financing for all cooperatives in the nation, it should be pursued as an option for those co-ops which can best serve their members by utilizing this alternative. We urge Congress to establish long-term financing, which may include tax-exempt financing, for electric cooperatives.

Support for Health Care Reform

We acknowledge that the availability of health care in rural America is vital to attracting new and retaining existing business. Therefore, we strongly urge NRECA management and staff to take a proactive role in working with Congress to develop a health plan which will address the problems of health in rural America so that human and economic resources can more efficiently be used to promote economic growth and development. We pledge our active support in working to achieve those goals.

Clean Water Act Reauthorization

Forty-six percent of the U.S. generating capacity currently operates under approved thermal discharge waivers. The deletion of the thermal waiver provision would provide few environmental benefits. To the contrary, significant negative environmental impacts would result from its elimination. The thermal waiver provision is a pro-environmental policy that has worked well for 20 years.

We, therefore, urge Congress to retain the thermal waiver provisions in any reauthorization of the Clean Water Act.

Reorganization of USDA

It is widely recognized that the Rural

Electrification Administration has functioned effectively over its 58 years of operation as an agency of the U.S. Department of Agriculture. The structure of REA in its delivery of services has worked very efficiently and effectively for the REA borrowers.

The loan-making and staff support functions of REA being centralized in Washington, with a small field staff in most states, has proven to be cost effective and has resulted in consistent reliable service for the borrowers. We believe the centralized approach also assures unified policy-making and interpretation of policy. We believe that a decentralized approach would fragment the REA program and result in diverse and sometimes contradictory interpretations of policy. We fear that it would also politicize the program and unnecessarily cause regional and interstate feuds, complicating and impeding the processing and funding of REA loans.

We believe that all of these concerns are applicable and valid in regard to the proposed Rural Utilities Service division of a reorganized USDA. To decentralize and give states the authority that REA has now would be detrimental and a step backward if the reorganization plan is approved and implemented.

We urge the President, the Secretary of Agriculture and the Congress to support the continuation of a centralized, Washington based rural electrification lending authority, whether it be the REA or the proposed Rural Utilities Service. We are supportive of the USDA reorganization plan if it includes the continuation of an effective rural electric lending program, along with rural development opportunities as outlined, and with the clear-cut authority for all decision-making on loan applications.

Nondiscrimination Regulations

For 49 of the 52 years it has existed, NRECA has maintained a pension plan for the benefit of its rural electric member systems. Over the years, that plan has helped the employees of

- fairness in their ability to serve markets they also have + developed
- can condemn another utility - coops have helped get electricity to areas no one else wanted mon. can sit back + wait + then take customers away from coops
- no stray voltage legislation is necessary - ripple effect from property tax reform - higher
* competition
big electric industry try to reduce costs - will cost rural customers more
industry wants free competitive way to

rural electric systems which participate in the plan to enjoy a secure retirement.

An important feature of the NRECA plan gives employees the ability to begin drawing benefits at the sooner of the completion of thirty years of service or reaching retirement age.

The Internal Revenue Service (IRS) has issued regulations which eliminate the quasi retirement features of the NRECA Pension Plan. We are strongly opposed to those portions of the nondiscrimination regulations that adversely affect our pension plan. We urge the IRS, and if necessary, Congress, to restore all features of the NRECA Pension Plan adversely affected by these regulations.

The Future of the Rural Electrification Administration Program

Last year the membership of NRECA worked with Congress and the Administration to restructure the Rural Electrification Administration (REA) program to realize substantial federal budget savings. Public Law 103-129 did just that—it reduced the entire cost of REA (electric, telephone and administrative costs) from \$243 million to \$137 million ... a 43 percent cut. President Clinton signed the law in November 1993 proclaiming major reform of the REA lending program. At that time we were told that a long-term agreement had been reached.

The Administration's FY 1995 budget proposal contains additional, drastic cuts in the REA program.

We say "enough is enough." We responded to the call last year and accepted a five-year budget plan which was approved by the Administration, Congress and our membership. We did this despite the fact that no other portion of the electric utility industry was called upon to share the budget-cutting burden.

We are honoring the agreement and expect the Administration and Congress to do the same. We urge every rural electric system and its membership to tell the Administration and Congress of its adamant opposition to any further cuts to the REA program. Adequate financing must be maintained to ensure a strong, viable rural electric program.

Federal Financing Bank Loan Refinancing/ Penalty

The Congress in passing the Omnibus Budget Reconciliation Act of 1993 mandated refinancing of REC loans with the payment of a penalty. Wishing RECs to be able to take advantage of historically low interest rates, OBRA specified that interim final regulations be issued within 45 days after enactment to implement the refinancing authority.

Although the regulation was issued within the 45 days, the first refinancing was not approved until 7 months after the enactment of OBRA. Because interest rates have risen steadily in the interim, this unnecessary delay will cost rural electric consumers tens of millions of dollars.

Now, in addition to the excessive delays, FFB is imposing an onerous penalty, one that clearly differs from the fair penalty specified in the law, and one that will discourage rural electric cooperatives from refinancing these loans. This action by the FFB thwarts the intent of the OBRA refinancing provision and will deprive rural consumers of the benefits intended by this provision.

We strongly urge the FFB to approve refinancing of all REC loans without further delay and to assess penalties consistent with the legislation.

Retail Wheeling

We support wholesale wheeling provisions of the National Energy Policy Act of 1992 and endorse its prohibition on the ability of the Federal Energy Regulatory Commission to mandate retail wheeling to ultimate consumers.

Retail wheeling, if mandated, or electric utility deregulation that results in the loss of certified territory, will create stranded investment, degrade system reliability, negatively affect long-range planning and the ability to provide reliable service to remaining ratepayers at a reasonable cost and facilitate "cherry picking" of desirable load, thereby increasing the cost to farm and residential consumers.

We will continue to oppose mandated retail wheeling through legislative or regulatory action at the federal and state level.

Reauthorization of Resource Conservation and Recovery Act

Legislation to reauthorize the Resource

Conservation and Recovery Act (RCRA), the nation's primary waste management law, will be considered in the 103rd Congress. The electric utility industry has concerns over any RCRA reauthorization as it relates to the regulation of coal combustion by-products (fly ash, bottom ash and flue gas desulfurization materials). Each year, coal-fired power plants in the United States produce approximately 90 million tons of these fossil fuel combustion byproducts. EPA classifies these by-products as nonhazardous, and any move to classify these byproducts as hazardous must be opposed.

In any reauthorization of RCRA, we support retaining the classification of coal combustion by-products as non-hazardous.

Federal Locks and Dams

The locks and dams on the nation's inland waterways are an integral part of the nation's transportation infrastructure.

Low-cost transportation spurs industrial development and utilizes our abundant supply of coal to offset the use of foreign oil and to move our agricultural products to market.

We oppose proposals to close, sell or otherwise divest the federal government of any lock and dam project financed by the United States Government.

Low Income Home Energy Assistance

A significant number of rural electric members experience difficulty paying their energy bills. Many rural electric systems' member assistance programs refer distressed members to agencies that administer the U.S. Department of Health and Human Services' Low Income Home Energy Assistance Program (LIHEAP). In addition, some rural electric cooperatives have established a voluntary consumer fund and/or contribute funds to help leverage LIHEAP funds.

Unfortunately, since 1985, appropriations for the LIHEAP program have declined, while the needs for the funding have not. LIHEAP serves as a safety net for low income households. For this reason, we believe that LIHEAP funding should be protected from budget reductions and that we should reject any proposal to limit the availability of LIHEAP funds to particular regions or states.

Further, LIHEAP, as authorized by Con-

gress, includes an incentive program to award greater amounts of LIHEAP dollars to those areas that leverage LIHEAP funds with capital from other sources. We urge every rural electric system to consider establishing a voluntary fund or providing financial support to leverage LIHEAP funds.

FCC Implementation of the 1992 Cable Act

We commend the Federal Communications Commission (FCC) for adopting rules generally consistent with the video program access provisions of the 1992 Cable Act. However, there is one key provision of the rules which must be brought in line with the clear intent of Congress and the plain language of the new law.

We urge the FCC to revise its rules to prohibit exclusive programming agreements which prevent distributors from obtaining access to programming to serve non-cabled rural areas. As recognized by Congress in the Cable Act, there is no justification for allowing programmers to deny access to competing distributors who wish to extend video programming to unserved rural areas.

Unless the FCC reconsiders its current rule and revises it, cable programmers will be permitted to enter into exclusive contracts with certain non-cable distributors while denying access to other non-cable distributors. These exclusionary practices will thwart the purpose of the Cable Act, impair competition and harm rural people.

Satellite Compulsory Copyright License Renewal

The copyright laws allow cable operators and other video distributors to retransmit network and superstation broadcast signals under compulsory copyright license authority.

Satellite carriers are specifically authorized to retransmit network and superstation broadcast signals under the Satellite Home Viewer Act of 1988, however, that authority sunsets at the end of 1994. There is no sunset of authority to retransmit broadcast signals by cable operators or other non-satellite distributors.

We strongly urge the passage of legislation to remove the sunset of the compulsory license for the home satellite dish (HSD) market and to end discriminatory treatment of HSD as compared with cable distributors.

We further urge that such legislation be enacted with compulsory copyright fees that are

fair in comparison to copyright fees charged for cable and non-satellite carriage of retransmitted broadcast signals.

Territorial Integrity and Loan Security

We reaffirm the right and responsibility of all rural electric systems to serve those areas in which they initiated service, and we will defend this right against the taking or pirating of territory and consumers by any other electric system.

Rural electric systems have historically been financed by REA and have undertaken the obligations of the Rural Electrification Act to provide electricity to rural America; therefore, any condemnation or taking of portions of a borrower's system decreases its ability to repay the REA loan by decreasing the prospective revenue stream projected for the loan contract.

We strongly object to the hostile acquisition of rural electric territory or consumers through the exercise of municipal condemnation or other powers.

We strongly urge that, upon threat of hostile acquisition of any rural electric system territory or consumers, WECA and member systems give full support and assistance to the threatened system.

Global Climate

Global warming, or the "greenhouse effect," involves the concern as to whether human activities, such as fossil-fuel combustion, agricultural operations, industrial activities, and land-use practices throughout the world, are creating substantial excesses of certain gases with atmospheric heat-trapping characteristics, and what effect a buildup of such gases would have on long-term global temperatures and climate patterns.

There are many unknowns and uncertainties associated with the "greenhouse effect" and long-term climate changes. Despite the many scientific uncertainties that exist today, the potential seriousness of global climate change warrants careful attention to those human activities that may increase the concentration of greenhouse gases. If remedies are required, they must be international in scope. Consequently, we support the national and international actions which:

- Accelerate research activities on the primary greenhouse gases;

- Promote substitutes for chlorofluorocarbons;
- Facilitate promotion of energy efficiency, in production, delivery, and utilization technologies;
- Take action to prevent worldwide deforestation and encourage reforestation;
- Foster continuing education programs on the wise use of all forms of energy; and
- Are voluntarily developed through the climate challenge program and Section 1605 of the Energy Policy Act of 1992.

Given the scientific uncertainties regarding climate change, the above measures represent a prudent approach to the issue. More severe measures which could have serious effects on the national and international economy are inadvisable. Examples of actions that we presently consider inadvisable include:

- Discriminatory taxation leading to an imbalance in the national energy supply;
- The imposition of ceilings or caps on manmade greenhouse gas releases unless clear, scientific evidence shows such ceilings or caps are necessary; or
- Actions which do not give full credit for benefits realized under any prior implemented programs.

Tax Considerations of Non-Electric Service

Many electric and telephone cooperatives across the country are providing new and diversified types of services to their members such as water, sewer, Direct Broadcast Satellite (DBS), cellular telephones, home security, etc., through subsidiaries of those organizations.

Many of the cooperatives offering such services claim exemption from federal income taxation under section 501(c)(12) of the Internal Revenue Code.

The Internal Revenue Service has issued training materials to its revenue agents suggesting that gross receipts of such electric cooperative subsidiaries may be nonmember income for purposes of the member income test prescribed by section 501(c)(12). Revenue agents have requested technical advice from the National Office of the Internal Revenue Service as to whether or not subsidiary gross receipts of a telephone cooperative exempt under section 501(c)(12) should be included in the cooperative's member income test.

The Wisconsin Association of Electric

Cooperatives requests that NRECA, CFC, and NTCA develop a coordinated strategy for resisting any attempts by the Internal Revenue Service to attribute subsidiary income to tax exempt utility cooperatives for purposes of the member income test, and, if necessary, seek legislative relief regarding this matter.

Integrated Resource Planning

Rural electric systems must continue to plan to meet the energy service needs of their members in a manner that effectively integrates supply-side and demand-side resources. Since integrated resource planning for cooperatives requires the concerted efforts of member consumers, distribution cooperatives, power suppliers, statewide organizations, and regulatory agencies, we urge continued cooperation and coordination in the development of rate design, policies, and programs.

We urge all segments of our program to continue to use integrated resource planning to assist in providing reliable electrical services at a low overall cost by carefully integrating both supply-side and demand-side resources, to provide high value to members.

Royalty Rates on Federal Coal

The current federal royalty rate for federal coal obtained from surface mines is 12.5 percent of fair market value, and the rate for coal obtained from underground mines is 8 percent.

The surface royalty rate was determined by the Federal Coal Leasing Amendments of 1976 as 12.5 percent for coal leases dated after 1976 and for leases prior to 1976 when they come up for renewal. Pre-1976 leases contained royalty requirements of 20 cents per ton.

The rate for underground coal was previously set by Department of the Interior regulations on a sliding scale of five to eight percent. During the 1980s, the department began routinely requiring royalty payments of eight percent on underground coal.

The drastic change from 20 cents per ton to 12.5 percent for coal has caused tremendous increases in the amount of royalties paid by electric utilities and their consumers. Utilities that purchase federal coal have experienced increases of 500 to 2,000 percent in royalty payments. Since fuel costs are approximately half of the power

production costs of electric generation, utility consumers end up paying the bill. The State of Wisconsin and WECA have both expressed their opposition to this change.

NRECA member systems do not believe Congress ever intended such a burden to be placed on this nation's electricity providers or their consumers. We therefore support a legislative solution which would set a modest response to the huge increases faced by utility consumers. Such a proposal should embody a cap on surface-mined federal coal at a flat 6 percent of the value of federal coal.

This increase would still generate vast revenues for the royalty program, of which one-half of the proceeds are returned to coal-producing states in which federal coal leases are located.

Opposition to Vintage Year Depreciation Accounting Records

The Wisconsin rural electric cooperatives are unanimously opposed to the Rural Electrification Administration's plan to require its borrowers to maintain vintage year depreciation accounting records.

This requirement would be unduly burdensome, time-consuming, and costly beyond any corresponding benefit. Therefore, be it the Wisconsin electric cooperatives request that NRECA and WECA vigorously pursue efforts to prevent rule making from taking place.

Environmental Externality Costs to Energy

A number of environmental, regulatory and alternative energy groups are exploring and promoting the development of a concept which would assign "environmental externality costs" to electric energy production and sales.

"Externalities" have been defined to be costs or benefits to affected third parties who are not directly involved in a transaction and who do not normally pay for the benefits or who are not normally compensated for the costs.

The Federal Energy Regulatory Commission, as well as several states, have attempted to quantify externality impacts and in general have failed. When mandated by regulatory agencies, the consideration of such impacts should be only in the planning process.

Electric and Magnetic Fields

Electric and magnetic fields (EMF) pose an important issue for electric utilities. Scientific studies to date offer inconclusive data about potential adverse health effects relating to EMF exposure, with the result that there is an insufficient basis for informed decision making on matters relating to this issue.

We have for years supported EMF research through the Electric Power Research Institute (EPRI), which is funding the largest EMF research program in the world. We commend EPRI for its EMF research work and urge that it continue.

At current levels of research, however, solid answers to the basic EMF health questions are years away, and unanswered questions tend to increase public concerns. Rural electric systems support an expanded and accelerated EMF research program and believe the leadership of the federal government in this area is essential.

In 1992, the EMF Research and Information Dissemination Program was approved as part of the National Energy Policy Act, with the enthusiastic support of all segments of the utility industry. Full funding of this comprehensive, coordinated and sustained research and information program led by the federal government and supported by both federal and voluntary non-federal contributions would not only allow for more research, but could also increase acceptance of that research by consumers and public policy decision makers.

High Level Radioactive Waste Disposal

Dairyland Power Cooperative (Dairyland) was a participant with the federal government to demonstrate the peace time use of nuclear power. Dairyland participated through the 2nd Round Demonstration Program administered by the then Atomic Energy Commission. In 1973, the reactor and fuel were transferred from the government to Dairyland. Both parties at that time believed that spent fuel would be reprocessed and not become a long-term storage problem. Unfortunately, since that time, delays have been encountered in the high-level radioactive waste disposal program now administered by the Department of Energy (DOE).

The secretary of energy has proposed that DOE be authorized to select federal sites for the interim storage of spent nuclear fuel. Dairyland has proposed that the spent nuclear fuel from the LACBWR facility be accepted by DOE at a federal site due to the delay in constructing a federal repository and the changing nature of the high-level waste program. Dairyland has further requested this action, as this is the method which was used to facilitate spent fuel storage at other 2nd Round Demonstration Program facilities.

We urge Congress and the DOE to take the necessary actions to expedite the transfer of LACBWR fuel to federal storage, facilitating the future decommissioning of the LACBWR facility.

Section 4



Classification of Consumers

Wisconsin Electric Cooperatives Statistical Summaries

CLASSIFICATION OF CONSUMERS

Farm Consumer

A farm consumer is any consumer operating a unit consisting of three acres or more and producing agricultural products, exclusive of home garden, with a value of \$150 or more; or a farm unit of less than three acres with a value of agricultural products sold amounting to \$150 or more.

Non-Farm Rural Residential Consumer

A residential consumer located outside the limits of a town or village who does not fall within the definition of a farm consumer.

Commercial Consumer

Any business establishment such as a store, office, garage, tavern, creamery, factory, hotel, tourist-cabin resort or institution other than a school, church or community hall.

Small Commercial

A consumer requiring service primarily for operating motors or other power consuming equipment, whose load requirements do not exceed 25 KVA of transformer capacity.

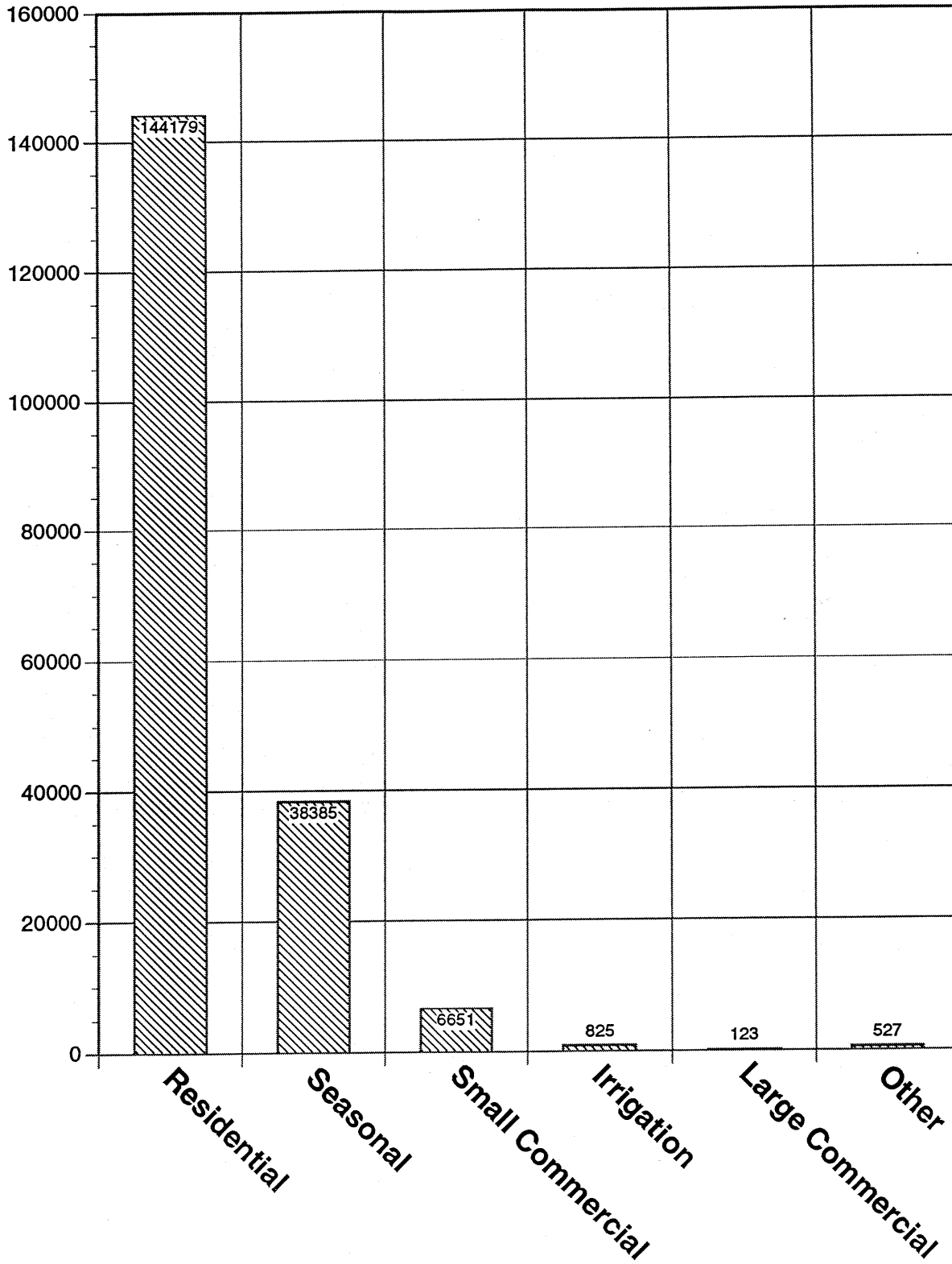
Large Commercial

A consumer whose load requirements exceed more than 25 KVA of transformer capacity.

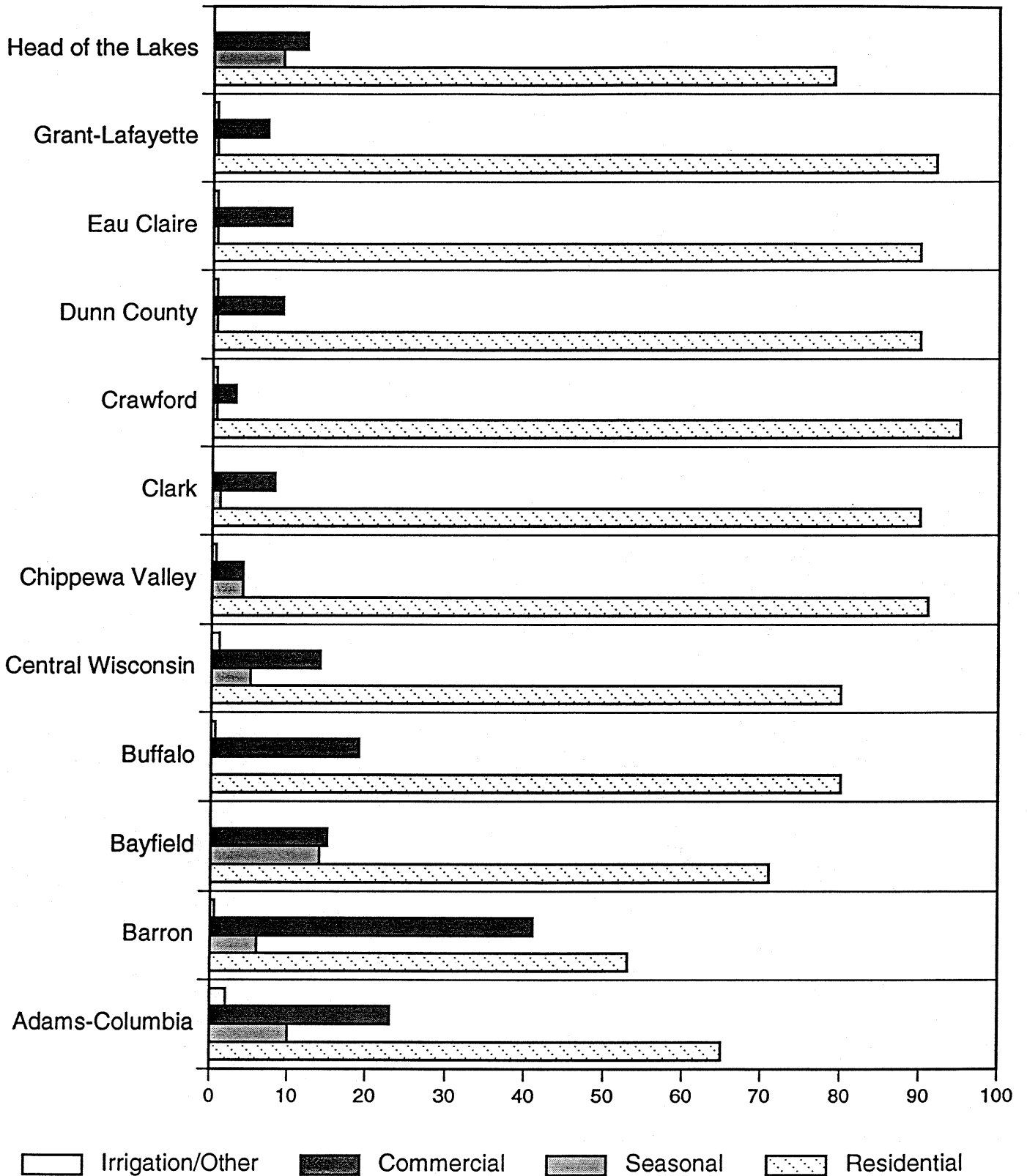
Seasonal Residential Consumer

Any non-farm rural residential consumer who normally uses electricity for a house or cabin for a fractional part of a year.

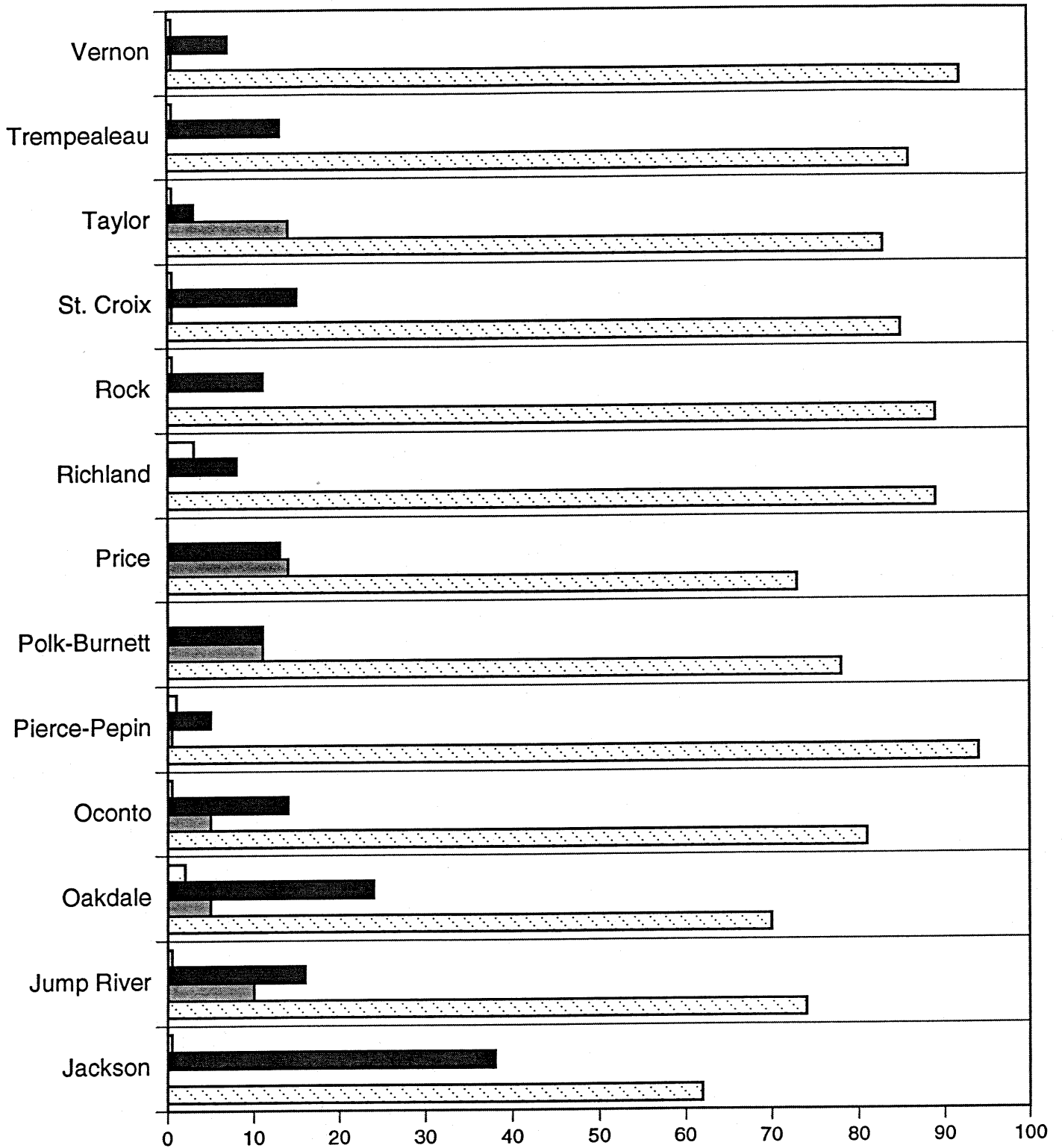
Number of Member/Consumers by Class - 1993 (meters served)



Percent of Kilowatt-Hour Sales by



Member/Consumer Class — 1993



Wisconsin Electric Cooperative Statistical Summary

Cooperative	Members Served	Miles of Line	Members Per Mile	AVG. Mo KWH Sales Per Member	Total Assets	Current RFA		Long Term Debt		Total Percent Member Equity	Total Revenue Residential Farm Non-Farm		Total Revenue All Other Classes
						Debt	Assets	Debt	Other		Farm	Non-Farm	
Adams-Columbia	24,843	4,451	5.6	920	53,497,676	19,701,908	8,145,996	41	11,936,387	7,936,791			
Barron	11,422	2,600	4.4	1,736	30,151,664	9,481,160	5,258,340	44	8,721,755	5,388,801			
Bayfield	6,107	1,651	3.7	1,735	14,815,050	8,086,709	1,238,697	27	3,384,724	1,793,941			
Buffalo	3,145	995	3.2	1,695	9,406,195	1,762,864	1,274,851	63	3,776,664	876,726			
Central Wisconsin	5,753	1,242	4.6	951	12,846,899	4,949,045	1,843,054	41	3,717,755	1,083,810			
Chippewa Valley	4,861	1,079	4.5	1,279	16,167,146	5,279,247	3,060,207	43	5,151,277	618,457			
Clark	6,378	1,773	3.6	1,608	19,618,267	1,040,725	1,472,875	81	7,665,748	880,011			
Crawford	2,788	841	3.3	1,094	7,094,924	1,693,214	1,370,808	51	2,939,690	196,778			
Dunn	5,718	1,589	3.6	1,552	17,245,918	3,003,462	2,501,489	62	6,958,419	822,350			
Eau Claire	7,333	1,378	5.3	1,265	20,436,552	7,692,703	2,997,484	42	7,837,485	864,518			
Grant Lafayette	6,255	2,317	2.7	2,000	21,995,492	3,120,390	1,374,618	72	9,315,054	914,575			
Head of the Lakes	3,548	923	3.8	725	8,545,566	3,209,499	1,263,317	42	3,089,547	438,049			
Jackson	4,699	1,180	4.0	1,331	14,542,636	3,682,749	3,201,911	45	4,301,957	1,572,791			
Jump River	6,310	1,479	4.3	857	17,689,507	7,543,467	3,210,657	35	4,313,779	1,753,725			
Oakdale	10,087	2,289	4.4	1,123	23,665,406	6,255,784	2,243,202	58	7,136,125	3,314,488			
Oconto	7,073	1,153	6.1	895	13,319,422	3,665,131	3,047,110	42	4,691,035	1,234,122			
Pierce-Pepin	4,605	1,018	4.5	1,576	15,891,057	5,362,420	2,520,211	41	6,080,166	438,939			
Poik Burnett	13,312	2,559	5.2	861	25,081,663	9,064,730	3,569,946	44	8,610,702	3,144,445			
Price	6,614	1,593	4.2	637	13,762,407	5,825,325	2,422,038	33	3,151,840	1,427,725			
Richland	2,791	891	3.1	1,039	9,397,366	3,198,154	1,567,760	41	3,143,199	364,062			
Rock	3,857	838	4.6	1,051	12,259,563	3,202,774	1,518,392	53	3,983,144	540,840			
St. Croix	5,088	1,226	4.2	1,755	16,535,331	4,902,574	3,301,742	47	6,339,553	1,066,155			
Taylor	3,134	732	4.3	1,395	9,745,535	3,388,473	1,640,161	43	3,597,142	471,412			
Trempealeau	7,224	1,752	4.1	1,377	22,804,124	8,402,603	3,947,332	41	8,000,034	1,126,240			
Vernon	8,206	1,888	4.3	1,224	22,831,852	6,780,625	2,959,180	51	8,448,171	733,792			
TOTAL	171,151	39,437	4.3	1,227	449,347,218	140,295,735	66,951,378	--	146,291,352	39,003,543			

1993 Taxes Paid

<u>Cooperative</u>	<u>Gross Revenue</u>	<u>Other</u>	<u>Federal Unemployment</u>	<u>FICA</u>	<u>State Unemployment</u>	<u>Total Taxes Paid</u>
Adams-Columbia	321,728	-0-	5,201	187,491	3,558	517,978
Barron	152,082	-0-	1,867	74,727	822	229,498
Bayfield	79,916	314	1,082	43,016	683	125,011
Buffalo	55,727	-0-	981	40,578	1,921	99,207
Central Wisconsin	80,424	-0-	2,137	53,189	1,351	137,101
Chippewa Valley	78,080	-0-	1,042	47,847	2,903	129,872
Clark	89,866	2,359	2,359	54,288	3,415	152,287
Crawford	35,958	-0-	907	27,854	334	65,053
Dunn County	87,959	-0-	1,475	60,585	3,333	153,352
Eau Claire	116,246	-0-	1,270	52,180	490	170,186
Grant Lafayette	98,757	-0-	2,552	79,835	3,504	184,648
Head of the Lakes	53,422	-0-	1,102	47,454	926	102,904
Jackson	82,654	-0-	1,437	54,179	932	139,202
Jump River	103,133	-0-	1,478	70,771	612	175,994
Oakdale	141,769	1,363	2,388	99,343	1,683	246,546
Oconto	98,848	2,916	1,736	64,541	1,185	169,226
Pierce Pepin	83,274	918	1,475	61,665	1,304	148,636
Polk Burnett	185,071	-0-	2,357	112,662	5,476	305,566
Price	73,467	-0-	775	35,690	259	110,191
Richland	49,940	-0-	704	25,755	582	76,981
Rock County	76,601	195	980	40,958	1,958	120,692
St. Croix	89,350	-0-	1,129	48,227	1,509	140,215
Taylor	55,034	182	948	33,577	1,285	91,026
Trempealeau	126,332	-0-	2,081	65,633	1,590	195,636
Vernon	115,061	1,529	1,760	62,020	1,465	181,835
Total	2,530,699	9,776	41,223	1,544,065	43,080	4,168,843

Section 5



RECs and the Local Economy

RECs and the Local Economy

Electric cooperatives, like other utilities, are a permanent and vital part of the communities they serve. RECs are "infrastructure"—integral components of the business and population base, and building blocks for a community's foundation and growth.

Wisconsin still relies heavily on its agriculture and related industries, and the electric cooperatives today have a responsibility to provide electric service to more than half the state's rural population. We have a strong tradition and a continuing commitment to serve farms with reliable power at an affordable cost.

While working farms are decreasing in numbers, rural "residential" service is increasing in co-op territory. Part of Wisconsin's envied quality of life is the ability to enjoy our state's fine natural resources personally and daily, yet be within driving distance of good employment and quality education. It's the cooperatives that provide power for the opportunity to live outside of town, yet maintain a modern and technologically complete lifestyle.

Tourism is growing as the state's leading industry after farming. RECs serve summer homes and cottages, resorts and bait shops, and many gas stations along the way. Again, it's the cooperatives that have pledged electricity service, even in remote areas.

As important as the electric co-ops are in providing power to agricultural, commercial, and recreational areas, they also contribute to the overall state economy as businesses in their own right. For example, electric co-ops employ about 1,400 persons on a full-time basis to carry out the responsibilities of generating and delivering electricity.

Organized as non-profit, cooperatively-owned businesses, RECs contribute state taxes based on gross revenues (in lieu of property taxes), just as other utilities do. Cooperatives contributed nearly \$6.5 million in 1993; some disbursed as shared revenue to our communities, some disbursed as school aids, and the remainder for state general functions. All customary employment taxes are also paid.

After purchasing power; purchasing supplies and maintaining vehicles; paying wages,

benefits, and all other costs of business, cooperatives eventually return all margins to the consumer/members that paid the bills.

Rural utilities have, in addition, a sound record of paying back federal REA loans. In 1993, RECs returned more than \$1 billion in principal and interest to federal tax coffers.

In fact, RECs tend to pay loans early. Loan payments made ahead of schedule are held in reserve and earn interest. From that pool of interest, called "cushion of credit," loans are made for economic development purposes in cooperative territory and with a local REC as guarantor. Congress demonstrated its understanding of the value of such loans to stimulate and stabilize rural communities by appropriating additional funds to this development subaccount. Adding to a balance of \$254 million in early REC payments, \$12 million was appropriated for fiscal year 1993, separate from other development loan accounts in other agencies, for economic assistance targeted by the boards of electric cooperatives to the needs they know and understand.

Such development loans have been used in Wisconsin to build fire departments, expand a medical clinic, fund a village sewer project, provide business incubators, start up or expand small manufacturing, build an industrial park, and even construct a community landfill.

Dairyland Power Cooperative also has committed part of its budget to development loans, with \$100,000 per calendar year available to each of its member cooperatives. Any project using more than \$50,000 of Dairyland loan sources must have a dollar-per-dollar match by the local distribution cooperative.

From \$1,132,000 used for 17 current projects, another \$15 million was leveraged for project funding. These same 17 ventures were projected to create more than 600 jobs within two years after full implementation. Some Dairyland loans are used in conjunction with REA loans, and some are combined with local cooperative funds. Dairyland loans have funded small manufacturing, pizza delivery trucks, a town government building and a school building.

REC board members are "plugged in" to their communities, often serving on town boards

and county boards as well. As a result, REC leaders know what the rural community needs, what risks are legitimate and what risks are not, and what assets the community brings to new opportunities. The businesses that receive REA funds do not have to be on electric cooperative utility lines, they just have to be good for the community.

As with other tasks, the cooperative way of solving problems encourages practical, innovative, and unusually cost-effective solutions. In the beginning, it was farmers setting their own (and their neighbor's) utility poles. Now, it's community problem-solving on a broader scale. That's why cooperative employees are members of planning commissions and industrial development boards. That's why nearly every co-op has specific employee duties in economic development. The result, for one co-op, was a yearly pledge of \$3,000 to the local hospital. For three others, it's underwriting a distance learning link for rural schools and hospitals. For another co-op, it was providing surveying skills to lay out an industrial park. For another, it means giving some of its own office space for the county economic development department.

We know our community and we are part of that community—not as outsiders, or far-off stockholders, but as neighbors. We'll do whatever it takes to keep rural Wisconsin a good place to work and a good place to live.

Rural Housing Needs

Wisconsin's rural electric cooperatives (RECs) have a long history of involvement in efforts to provide adequate housing for low-income rural families.

In 1970, the statewide electric co-op association formed the Wisconsin Rural Housing Co-op in response to the RECs' desire to help people in their areas obtain decent housing, water, and sewer systems. This housing co-op was the first statewide organization of its type in the nation, serving as a model for similar rural housing cooperatives in many other states.

Though other groups were represented in the Wisconsin Rural Housing Co-op, rural electric representatives dominated its direction in the early years. Its first nine-member board included two REC presidents, an REC manager, an REC office manager, and a representative of Dairyland Power Cooperative. An employee and a former employee of the statewide electric co-op association served as the first manager, and one of the first field personnel was a former staff member of the *R.E.C. News*.

In 1983, the organization revamped as the Foundation for Rural Housing, Inc., and became less closely tied to the rural electric co-ops. The foundation now includes on its board a broader

cross-section of business leaders, public officials, and low-income residents. However, the RECs are still involved in the organization's activities. Leroy Rose, general manager of the Wisconsin Electric Cooperative Association, has served on the foundation's board of directors for several years and was recently elected president of the foundation for 1993-1994.

Though no longer an integral part of the rural electric cooperative association, the Foundation for Rural Housing continues its original mission of helping rural people and rural communities to address their housing needs. Both information and dollars are provided to repair and rehabilitate homes for low-income families throughout Wisconsin.

In just the last year, Rural Housing administered 4 major grants, funneled more than \$366,0425 in rehabilitation grants, home purchase assistance, and utility assistance to more than 349 households, and indirectly aided more. They also leveraged \$771,961 in additional revenue for rural communities, serving 765 households. Hundreds of communities and organizations have benefitted from its training, technical assistance, demonstrations, and information dissemination activities.



Demand Conservation

Wisconsin RECs manage more than **58,000** water heaters! That's approximately 46.4 "negawatts" of energy. ***A negawatt is a megawatt not used.***

One way to look at it is to say that the co-ops could have had a 46 megawatt gas turbine generator running, if the water heaters were not being controlled. But with our load management program, that gas turbine generator was off. Another way to describe such load management is "smokeless capacity."

Whether it's to lower the consumer/member's bill or to avoid building new generating capacity, Dairyland Power Cooperative and Wisconsin's distribution cooperatives are working hard to help members find ways to use electricity more wisely and efficiently.

The cooperatives' strongest and longest program of demand-side management, or demand conservation, is water heater load management. By remote radio signal, the utility can selectively turn off water heaters as the system's demand rises. In this way, energy use is shifted to an off-peak time. This gives the generating facility operating flexibility to manage each unit of production at the most efficient level.

Dairyland Power Cooperative (like other Wisconsin utilities) has quite a few units of 20- to 50-megawatt capacity. When larger units are running at full capacity, meeting additional demand would require the utility to start up another small coal-fired unit, operate for a few hours until the demand peak had passed, then turn the unit off—all at the least efficient operating range, and consequently at high cost. Alternatively, Dairyland could buy capacity from other utilities, most likely out-of-state and at higher cost.

Consumers probably don't even notice the water heater had been turned off, but by controlling individual water heaters for up to three hours at a time, a utility has a "peak-shaping tool" that can mean the co-op can avoid building additional capacity.

Since this demand management offers significant energy savings, most co-ops have a program to provide new 80-gallon water heaters at low cost to families in a newly-built home, or with an energy conversion, where the customer agrees to

allow the co-op to turn the water heater off at peak demand times. New, better insulated, and large capacity water heaters are more efficient and store heat better than smaller units. Wisconsin RECs provided more than **1,900** water heaters under this program in 1992.

And that's only water heaters.

More than **2,700** energy-saving fluorescent light bulbs were given to consumers to encourage replacement of less efficient incandescent bulbs.

Wisconsin RECs conducted more than **1,600** energy audits in 1992.

We gave approximately **180** weatherization loans (for more than \$420,000) to reduce inefficient energy use in homes and on farms. The consumers will pay the loan back to the co-op with dollars saved from kilowatt use.

And in a growing program, co-ops offered loans to install ground-source heat pumps, the most efficient heating and cooling system available. Some **46** loans were provided in 1992 for a total of \$81,750.

In addition to the use of *R.E.C. News* pages to promote energy efficiency in the monthly paper sent to all members, distribution cooperatives spent another **\$150,000** for energy conservation information in other print and radio messages.

But co-ops are non-profit organizations and rely most heavily on the best messages—face-to-face contacts at annual meetings, open houses, and during regular business hours. Co-op member service employees daily help each customer/member find the best ways for that particular family to get the most for every energy dollar.

We work hard for wise energy use and efficient energy resource management!

Territorial Integrity

Should an electric cooperative be criticized because it has brought energy to sparsely-settled areas, ripe for profitable business development? Should the utility be penalized because its teamwork with business has brought jobs and opportunity to the community? Should a non-profit organization be depended on to build an area in times of risk, so that a municipal government can take the service area once it is established?

Territorial laws in Wisconsin still allow such inequities.

By law in Wisconsin, rural electric cooperatives do not serve incorporated areas (municipalities). Co-ops do serve three small villages by special permit, and have, in a few other instances, the opportunity to serve neighborhoods inside a city by "certificate of convenience and necessity." Traditionally, cooperatives are relegated to rural and undeveloped areas.

As a result, our density of customers per mile is extremely low. That is, fewer customers support the per-mile costs of our utility, compared with the number of customers available to support per-mile costs of municipal or investor-owned utilities. Therefore, our residential rates are generally higher. (See REC Rates, green section.)

But demographic patterns have been changing. The corner gas station is no longer on the "four corners" in town; it's likely to be on the main highway just outside of town. And more families are wanting to live on an acre or two, just past the city limits.

Even very small communities are forming industrial parks, hoping to attract manufacturers employing 10 to 50 workers, so that the economic base can diversify and young families can stay in the community and build homes. Then both the businesses and the families will pay taxes and invest in more opportunities for more families.

It isn't a simple division of jobs in the city versus farms in the country any more.

As those "just outside of town" areas change, the rural electric cooperative that delivers power to the area is ready to meet the challenge of growth. Our cooperatives are able to provide reliable power and quality service at affordable rates to residential developments or businesses large and small.

In fact, because co-ops electrify rural areas, such growth and development is starting to happen.

Yet in Wisconsin, when a municipality is served by its own electric utility, the municipality has the right to condemn and take over the facilities and customers of another utility in territory it annexes. While municipalities have had that right for thirty years, it has not yet occurred. When annexation has taken place, the two utilities have either worked out a service territory agreement or a purchase agreement.

But there have been two recent condemnation attempts. In April, 1993, voters of Cashton decided (190 to 144) not to condemn Vernon Electric Cooperative facilities in an industrial park. In April, 1994, voters of Rice Lake said "no" (962 to 707) to taking three commercial customers from Barron Electric Cooperative.

If such a condemnation of cooperative service territory should occur, however, the remainder of the system would suffer more significantly than a condemnation against an investor-owned utility. Since IOUs can serve city and country, those utilities have much more favorable density than cooperatives, more flexibility in the entire system, and greater resources to absorb the relatively small loss. If the only growth area of a cooperative is taken away, the remaining customers are left with rates that are certain to go higher.

In addition, condemnation procedures, not yet tested, have not been defined. We are confident that a fair price would be paid for the actual lines and poles taken by the municipal utility. But what about the remaining system, designed for service to that area? Would there be compensation for the construction of substations and looped service? Just as important, how would ratepayers of that cooperative adjust to the sudden shock of fewer members to support some of the fixed costs, or to a temporary reduction in system efficiency due to changes in load patterns?

Municipal utilities maintain that they have the right and the responsibility to serve all residents within city boundaries. Yet more than half of the muni's already have recognized their right and *opportunity* to serve businesses and homes beyond city limits. That is, a *muni may serve outside the*

city, but a cooperative may only serve inside a city if annexed, and then is subject to condemnation. Those muni's that already provide electricity to neighbors that needed it are not forcing an all-or-nothing package of city services: sewer, water, curbing, and electricity. Yet, cities that refrain from extending electricity, and leave its neighbors to be served by cooperatives, suggest that package of services must be provided—all or nothing—after annexation, even though adequate electricity service is already in place.

It is critically important for the continued viability of cooperatives (and for reasonable rates for the most rural of its members) that RECs have the right to keep customers it serves, even after annexation.

It is not our intention to challenge annexation, but only our intention to retain the customers our system is built to serve.

Rural electric cooperatives are just like other utilities. We didn't just string lines to the farms and say we were done. Just as communities have changed over fifty years, so have rural utilities. We have upgraded our systems, improved reliability, replaced old lines—all just like the other utilities. We are ready and able to serve industry, commerce, and residences—just like other utilities. And we are in place to serve.

As WECA attorney Charles Van Sickle says, "There aren't any new farms being built out there." Holding rates stable and improving our systems means fighting for the right to serve businesses and homes that grow on our lines.

Because while we are just like other utilities in many ways, we are different by being non-profit and accountable to the rural ratepayers—the owners—we serve.

This year, Representative Steve Gunderson has introduced H.R. 3790 to Congress. That bill would protect REA borrowers from loss of service territory by hostile action, preempting the state law allowing condemnation. We will be working hard to modify language of H.R. 3790 and pass the measure before the end of 1994.

H.R. 3790

in the House of Representatives

Ms. Long of Indiana introduced the following bill for herself, Congressman Skelton and Congressman Gunderson; which was referred to the Committee on Agriculture.

A BILL

to protect rural electric borrowers

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE

This Act may be cited as the "Rural Consumer Protection Act of 1994."

SEC.2. PROTECTION OF RURAL ELECTRIC BORROWERS.

The Rural Electrification Act of 1936 (7 USC 901 et seq.) is amended by inserting after section 16 the following:

"SEC.17. PROHIBITION AGAINST CURTAILMENT OR LIMITATION OF SERVICES OF ELECTRIC BORROWERS.

"(a) In General. --Except as provided in subsection (b) of this section, section 306(b) of the Consolidated Farm and Rural Development Act shall apply to a borrower of an electric loan made or guaranteed under this Act in the same manner in which such section applies to an association referred to in such section..

"(b) Exceptions. --

"(1) Waiver by the Borrower. --A borrower of an electric loan made or guaranteed under this Act may agree to waive part or all of the protection afforded by subsection (a).

"(2) Public Interest.--

"(A) Impartial Finding.--A municipality may curtail or limit the ability of a borrower of a loan made or guaranteed under this Act to provide electric service if an independent third party, pursuant to this paragraph, determines that the curtailment or limitation--

"(i) is in the public interest;

"(ii) will benefit consumers residing in the area in which the curtailment or limitation is to be imposed; and

"(iii) will not adversely impact consumers residing outside the area.

"(B) Use of Independent Third Party. -- If a borrower of a loan made or guaranteed under this Act does not agree to a

request of a municipality to curtail or limit the ability of the borrower to provide electric service, the municipality may request the Governor of the State to select an independent third party to make the determination described in subparagraph (A).

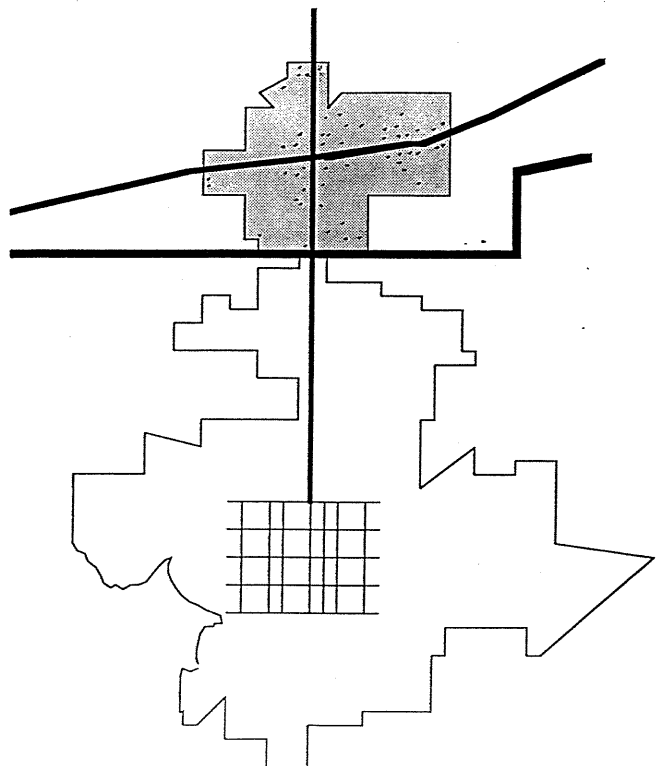
“(C) Selection of Independent Third Party.-- Upon receipt of a request under subparagraph (B), the Governor shall select as the independent third party--

“(i) the public utility commission of the State if the public utility commission is authorized under State law to make the requested determination; or

“(ii) any entity (including the public utility commission of the State) qualified to make the requested determination if the Governor determines that the public utility commission is not authorized under State law to make the requested determination.

“(D) Determination of Independent Third Party is Binding.-- Any determination made by an independent third party selected in accordance with subparagraph (C) with respect to a request of a municipality to curtail or limit the ability of a borrower to provide electric service shall be binding upon the borrower and the municipality.

“(c) Interpretive Rule.-- Subsection (a) shall not be construed to prevent a municipality from imposing a usual, customary, and nondiscriminatory fee on a borrower of a loan made or guaranteed under this Act.”



Other Consumer Services

Rural electric cooperatives are not just for electricity any more. More than 55 years ago, farmers recognized that they were being left behind when municipal businessmen and residents got central-station electricity, then central-station telephone communications, rural residents were threatened to be left behind in the explosion of communication services, particularly cable television.

RECs formed separate divisions or entirely separate organizations to establish C-band satellite program services for their members. Many Wisconsin consumers with large satellite receiver dishes can subscribe to programming from Rural TV for about the same cost as commercially-supplied cable services in the cities.

A new generation of satellite television service is now available through DBS-Direct Broadcast Satellite. The receiver dish is small (only 14 inches across) and can be mounted on a porch or roof.

Not only are up to 75 channels available (with another 75 coming on line soon), but the capability is built in to allow for future interaction between the DBS subscriber and the electric cooperative. Some services we expect to offer soon will be pay-per-view movies and utility notices.

The satellite is up, the members are subscribing, but there is a backlog in manufacturing and delivering the dishes because of the tremendous interest in this technology.

What else is a disadvantage in rural areas? Being far away from help in an emergency.

The Cooperative Response Center (CRC) was formed by a few RECs in Wisconsin and Minnesota to serve as an after-hour message center. Members can report a problem, ask a question, or leave a message. CRC will fax this message to the proper cooperative before business hours the next morning.

When a member calls, many questions can be answered by CRC on behalf of the local co-op, or CRC can initiate an immediate response to an outage.

Main Street Messenger, a service of CRC, allows people with health or mobility problems, latch key children, elderly, or anyone alone in a rural area to have peace of mind that help is no further than a touch of a button.

Touching a pendant from any where in the house can activate the telephone, or touching an emergency button on the phone itself. The telephone automatically dials a pre-programmed number for a neighbor or nearby relative. The member can speak over the telephone, even from several rooms away.

If no one is available at the first numbers, or if the member has programmed direct connection to CRC, a responder at CRC in Austin, Minnesota, comes on the speaker-phone. The call will have triggered a computer connection that gives the responder information such as the name, location, health condition, medication, and relatives' names.

The responder answers the call within a few seconds, asking for example, "Mary, have you fallen, are you alright?"

The Main Street Messenger Service includes an agreement with a local hospital and ambulance provider. Help is on the way.

Unlike calling 911, this service gets a human on the other end of the line that has information about the member's condition. Help can be sent even if the member cannot talk.

Main Street Messenger is also available to city residents, where the co-op and hospital have provided for that extension of service.

From one light bulb in the barn to full access to the information superhighway, REC's will make sure rural residents are not "left in the dark."

Cooperatives offering other consumer services

	Rural TV	DBS	CRC	Messenger
Adams-Columbia Electric Co-op	✓	✓	✓	✓
Barron Electric Co-op		✓		
Bayfield Electric Co-op	✓			
Buffalo Electric Co-op	✓	✓	✓	✓
Central Wisconsin Electric Co-op	✓	✓		
Chippewa Valley Electric Co-op	✓	✓	✓	✓
Clark Electric Co-op	✓	✓	✓	✓
Crawford Electric Co-op	✓	✓	✓	✓
Dunn County Electric Co-op	✓	✓	✓	✓
Eau Claire Electric Co-op			✓	✓
Grant-Lafayette Electric Co-op	✓	✓		
Jackson Electric Co-op	✓		✓	✓
Jump River Electric Co-op	✓	✓		
Oakdale Electric Co-op	✓		✓	✓
Pierce-Pepin Electric Co-op	✓	✓	✓	✓
Polk-Burnett Electric Co-op	✓		✓	✓
Price Electric Co-op	✓	✓	✓	✓
Richland Electric Co-op		✓		
Rock County Electric Co-op	✓			
St. Croix Electric Co-op			✓	✓
Taylor Electric Co-op	✓			
Trempealeau Electric Co-op		✓	✓	✓
Vernon Electric Co-op		✓		